Message Text

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INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 /115 W

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R 012300Z MAR 77 FM AMCONSUL VANCOUVER TO SECSTATE WASHDC 3355 INFO AMEMBASSY OTTAWA AMCONSUL CALGARY

UNCLAS VANCOUVER 0205

E.O. 11652: N/A TAGS: ENRG, CA, US

SUBJECT: ENERGY: CHERRY POINT-EDMONTON PIPELINE

- 1. TRANS MOUNTAIN PIPE LINE PRESIDENT KEN HALL ANNOUNCED ON FEBRUARY 28 AN AGREEMENT IN PRINCIPLE WITH ATLANTIC RICHFIELD (ARCO) TO BUILD AN ADDITIONAL TANKER PORT AT CHERRY POINT AND TO PIPE OIL TO EDMONTON (AND ON TO THE U.S. MIDWESTVIA INTERPROVINCIAL) BY REVERSING TRANS MOUNTAIN'S EXISTING PIPELINE. THE PROPOSAL IS BILLED BY THE PRESS AS A "CUT-RATE" ALTERNATIVE TO THE KITIMAT PROJECT.
- 2. ACCORDING TO THE NEWS REPORT, TRANS MOUNTAIN WOULD TRANSPORT OIL TO THE VANCOUVER AREA FROM ALBERTA ONE-THIRD OF THE TIME AND REVERSE THE FLOW TO CARRY CRUDE FROM CHERRY POINT TO EDMONTON THE REMAINDER OF THE TIME. THIS WOULD PERMIT THE 400;000 B/D CAPACITY OF THE LINE TO SUPPLY U.S. LANDLOCKED REFINERIES WITH APPROXIMATELY 260,000 B/D ON THE AVERAGE. TOTAL COST OF THE PROPOSAL IS ESTIMATED AT DOLS 175 MILLION: DOLS 125 MILLIONFOR REVERSE-FLOW EQUIPMENT AND DOLS 50 MILLION FOR THE OIL TERMINAL AND FACILITIES AT CHERRY POINT.

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EM HALL STATED THAT BOTH ARCO AND TRANS MOUNTAIN WILL NOW SEEK THE NECESSARY U.S. AND CANADIAN REGULATORY APPROVALS AND SAID PROJECT COULD BE ACCOMPLISHED BY 1978.

4. CLIPPING BEING MAILED TO EMBASSY AND EUR/CAN. LUPPI

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